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SUBJECT: New Zealand Lead Negotiator Discusses Vision and Challenges for TPP

11. (SBU) Summary. During a December 15 courtesy call, the Ambassador engaged Ministry of Foreign Affairs Trans-Pacific Agreement Lead Negotiator Mark Sinclair on his views of the Trans-Pacific Partnership (TPP). Sinclair expressed his hope that New Zealand and the United States will work closely to produce a "high quality" regional deal. According to Sinclair, New Zealand's TPP negotiating team does not yet have a formal mandate from the Cabinet; the team plans to first seek guidance from the Cabinet after surveying other countries' positions at the initial March round in Melbourne. Sinclair emphasized that New Zealand is seeking a "clean result" without carve outs, but he cautioned that other TPP members have residual sensitivities from previous free trade agreements already signed with the United States, which will make it difficult to get a good result. Overcoming these obstacles will require a frank dialogue about what the eight countries hope to achieve; this common understanding will serve as the basis for a solid TPP agreement. Sinclair said that New Zealand feels a special kinship with the Vietnamese since New Zealand and Vietnam are the only two countries in the TPP without a free trade agreement (FTA) with the United States. New Zealand hopes to raise the TPP with Vietnam in bilateral discussions slated for January. End Summary.

Looking to Washington for Leadership

12. (SBU) Sinclair emphasized that the TPP is a central element in a full bilateral agenda, and as such, it requires the two sides coordinate closely. He also noted that since New Zealand is one of the few countries already in the TPP that does not already have an FTA with the United States, bilateral negotiations will figure importantly. Sinclair said he was struck by the U.S. Administration's reference to the TPP as a "high quality regional deal". "This has implications for us," said Sinclair, "especially when it reaches beyond borders." It will increase the challenges and bring us back to the issue of political management of the process. He emphasized that the United States will need to play a leading role in managing the political process by sending the "right signals" on carve outs and exemptions. Sinclair also underscored the importance his team attaches to the working relation with the U.S. Trade Representative's office and expressed his hopes that the two sides can work closely.

13. (SBU) According to Sinclair, New Zealand does not yet have a formal mandate for the TPP. Typically FTA negotiating teams go to the Cabinet for guidance. However, the TPP negotiating team is waiting until after March meetings in Melbourne. Sinclair views the meeting in Melbourne as an "opportunity to hear what others intend for the process." He can then go to the Cabinet to seek guidance after he has surveyed the lay of the land. Sinclair said he is particularly interested in what Washington is looking for in the TPP and asked the Ambassador for his views on the matter. In response, the Ambassador noted that it is too early to tell.

Looking to Test the Boundaries

14. (SBU) Sinclair cautioned that other countries that are currently part of the TPP and already have FTA's with the United States have residual sensitivities from prior negotiations. Australia and Chile may be particularly predisposed to being conservative on the TPP. As a result, Sinclair concluded that much of the "intellectual effort" will need to come from Washington and Wellington. As the biggest player, Washington will play a very important role in coming up with the right framework. And, to the extent possible, New Zealand wants to "test the boundaries" to come

up with a high quality regional agreement.

15. (SBU) Despite the fact many of the parties will have defensive sensitivities, New Zealand wants a "clean result across the board". Sinclair underscored that the agreement will work best if there are "no exemptions or carve-outs." He hoped quality would be the first test of the agreement, adding that it will only be made possible by integrating our objectives. To get quality, participants will have to tackle "at the border and behind the border" issues, said Sinclair. However, he was not confident that all the participant countries will want to take the risk. Sinclair saw the diversity of players and the temptation to extend flexibilities as the biggest challenges to the process. Any exemptions made for countries such as Vietnam will have implications for the future of the TPP since other potential members will see an opportunity for their own carve-outs. "Leftovers" from other FTA's will also need to be dealt with to ensure the TPP is a quality agreement. Certain areas, such as sanitary/phytosanitary (SPS) will be

particularly challenging to get consistent rules across the spectrum.

Need to Build a Common Understanding

16. (SBU) The New Zealand Government hopes to first come to an understanding of what the eight countries hope to achieve and then build on that common understanding. Sinclair added that each country is hanging on to its own "little fantasy" about what is achievable. Therefore, it is important for the eight countries to openly discuss what each wants and does not want. Each country will also have to adjust its expectations in the end. Sinclair warned against rushing into the technical negotiations too quickly; rather, a great deal of hard work is needed at the "conceptual level" first, said Sinclair. It would be a mistake to allow separate negotiations to begin on individual chapters, each with its own model. A comprehensive framework is needed first.

17. (SBU) Tongue-in-cheek, Sinclair noted that New Zealand and Vietnam have a special kinship because they are two of the TPP countries that do not already have an FTA with the United States. Sinclair quipped that the two countries will have to stick together because "the United States will be extra tough on us." He added that the other members of TPP will be especially wary of Vietnam and New Zealand because they will not want to "pay for their gains." New Zealand will hold bilateral discussions with Vietnam in late January or early February. Although it is a regularly scheduled meeting, New Zealand wants to put TPP on the table. (Comment: MFAT officials have told us on numerous occasions that New Zealand wants to partner with the U.S. on encouraging Vietnam to accept sensitive provisions in the TPP, such as environmental and labor standards. They note that the United States working alone may appear too heavy handed.)
CLARKE